

Meeting Date: 11/18/08

AGENDA REPORT

City of Santa Clara, California

Agenda Item #

14B



DATE: November 10, 2008

TO: City Manager for Council Action

FROM: Director of Finance

SUBJECT: Approval of the Transfer from Operating Fund Reserves to the Workers' Compensation and Unemployment Insurance Internal Service Funds

EXECUTIVE SUMMARY:

The City's Workers' Compensation and Unemployment Insurance Internal Service Funds have experienced an increase in activity in recent years. Claims expenditures have increased over the past several years due primarily to state requirements associated with the Workers' Compensation and Unemployment Insurance programs which impact the cash available in the City's self-insured programs. Staff is recommending that Council approve a \$1.0 million transfer from the General Contingency Reserve for Working Capital (Emergency Reserve) and the various proprietary fund retained earnings accounts to the Internal Service Funds as follows:

- \$800 thousand transfer to the Workers' Compensation Fund to maintain the \$2.5 million reserve in the Workers Compensation Fund, at its authorized level approved by Council in January 2001; and
- \$200 thousand transfer to Unemployment Insurance Fund to cover additional claims that have depleted the cash in that fund.

ADVANTAGES AND DISADVANTAGES OF ISSUE:

A transfer of cash to the Workers' Compensation Internal Service Fund is needed to maintain the reserve approved by Council. If the transfer of funds is not made, the claims will have to be paid out of the reserves, which will defeat its purpose. A transfer of cash to the Unemployment Insurance Fund will allow the continued payment of claims.

ECONOMIC/FISCAL IMPACT:

Staff is requesting transfers of \$800 thousand to the Workers' Compensation Internal Service Fund cash and \$200 thousand to the Unemployment Insurance Fund cash; \$786,380 from the General Contingency Reserve for Working Capital (Emergency Reserve) (Acct No. 063-44421) and \$213,620 from the proprietary fund retained earning accounts (Acct No. 0XX-44300).

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RECOMMENDATION:

That Council approve the transfer of \$786,380 from the General Contingency Reserve for Working Capital (Emergency Reserve) (063-44421) and \$213,620 from proprietary fund retained earnings (0xx-44300), \$800 thousand to the Workers' Compensation Fund cash account (081-12010) and \$200 thousand to Unemployment Insurance Fund cash account (087-12010) to replenish these Internal Service Fund Reserves.



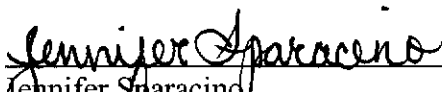
Mary Ann Parrot
Director of Finance

Certified as To Availability of Funds:


063/44421	\$786,380
091/44300	\$133,714
092/44300	\$38,436
093/44300	\$5,124
094/44300	\$13,670
097/44300	\$1,211
047/44300	\$2,111
053/44300	\$13,310
096/44300	\$6,044

OK
Jm

APPROVED BY:



Jennifer Sparacino
City Manager



Mary Ann Parrot
Director of Finance

AGE COUNCIL VOTES

Documents Related to this Report:

A. none